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ABSTRACT

The purpose of this monograph is to explore the concept of educational adequacy, defined by Cubberley as "a generous system of free public schools," and to apply those measures in an analysis of educational adequacy in the state of Illinois. The difficulty in defining what constitutes a generous education is that there is no clear consensus in American society on what schools should achieve. Accordingly, this paper begins with a discussion of basic issues and standards in American public education and outlines three approaches to adequacy, based on school inputs (resources, standards), school outputs (test scores, graduation rates), and school outcomes (economic returns to education, good citizenship). Subsequent sections apply these general concepts of adequacy to an analysis of the Illinois State system of education. Included are functional measures of educational adequacy in Illinois as compared with other states and national averages, followed by a review and analysis of public school funding in Illinois during the past two decades. The last two sections address the relationship between adequacy and equity in Illinois school finance and public policy implications of the foregoing analysis of educational adequacy in Illinois. Notes are provided, along with three sets of statistical tables and charts showing (1) public school revenues in relation to personal income in Illinois and the United States in recent years; (2) per pupil receipts for Illinois public schools 1967-68 and 1986-87; and (3) Illinois public school average per-capita tuition charge by district type, 1976-77 to 1984-85. (TE)

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# THE CONCEPT OF ADEQUACY IN ILLINOIS SCHOOL FINANCE

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# THE CONCEPT OF ADEQUACY IN ILLINOIS SCHOOL FINANCE

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October 1987

This series of monographs is dedicated to Professor Lucy Jen Huang Hickrod, late of the Sociology Department of Illinois State University. Death has forever taken Professor Huang Hickrod from intellectual labors, but she remains an inspiration to her husband, her family and her many friends. Sic transit Gloria Mundi.

## Introduction

In his Public Education in the United States, Ellwood P. Cubberley in 1919 wrote that:

> It may now be regarded as a settled conviction of our American people that the provision of a liberal system of free nonsectarian public schools, in which equal educational opportunity is provided for all, even though many different types of schools may be needed, is not only an inescapable obligation of our States to their future citizens, but also that nothing which the State does for its people contributes so much to the moral uplift, to a higher civic virtue, and to increased economic returns to the State as does a generous system of free public schools.[1]

Cubberley justifies the American public school on social grounds as "moral uplift," on political grounds as "civic virtue," and on economic grounds as contributing to economic growth. However, he also provides a definition of educational adequacy in referring to "a generous system of free public schools." This verbal construction frees us from the inevitable tendency to equate adequate education with minimally adequate education. The purpose of this monograph is to explore the concept of adequacy, and apply those measures in an analysis of educational adequacy in the state of Illinois. Cubberley's notion of a generous level of education fits well with the concept of adequacy to be developed here.

The difficulty in defining adequacy or defining what constitutes a generous education is that there is no clear consensus in American society on what schools should achieve. In the mid-1970s, Burlingame pinpointed this problem when he wrote:

> The last decade has seen a spate of articles, books and reports probing the weaknesses and offering remedies for the reconstruction of education. Evident also is the contrary nature of these proposals. For example, the movement to provide professional certification for teachers to insure their quality is now attacked as an impediment to quality. Or, schools are either too prone or too resistant to change. Widespread agreement to the general deficiency of schooling has not led to a singular remedy but rather to widespread disagreement about what ought to be done.[2]

One difficulty in defining educational adequacy is that there is little consensus in the goals of education, beyond such global statements about the social, political, and economic value of schooling. An adequate education may have as many definitions as people defining it. However, this does not mean that the quest to define educational adequacy is fruitless and that the attempt should be abandoned.

The issue of what constitutes an adequate education has become of greater interest in 1980s. National reports such as A Nation At Risk, and those that followed, stress the issue of excellence and quality in education. This renewed interest in educational adequacy was noted by McCarthy and Deignan:

> Legislatures, courts, administrative agencies, and citizens are exhibiting increasing interest in the substance of educational offerings. They view resource equalization among school districts within states as a necessary, but not a sufficient condition to improve education. They seek assurance that educational programs are adequate as well as equitable.[3] [Emphasis in original]

The definition of educational adequacy has important public policy implications. There is a need to describe the level of educational services as well as to insure equal access to those services. Adequacy can be defined in terms of levels of educational services, the costs of those services, or the outcomes of providing those services.

## Some Basic Issues

Educational adequacy is difficult to define. A fundamental question is who should define it? Definitions will vary depending upon who does the defining. With over 80,000 public schools in over 15,000 school districts in the fifty states and the District of Columbia, there may be many definitions of educational adequacy. Even with such diversity of education agencies, Green argues that there is one educational system because of the similarity of institutions, processes, rules, and conventions that characterize almost all public schools in the United States.[4] Therefore, the quest to find an acceptable, common definition of adequacy may not be totally futile.

Public education in the United States is a state function. The Tenth Amendment to the United States Constitution, adopted in 1791, states that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." Education is not mentioned in the U.S. Constitution and, thus, is one of those powers reserved to the states and to the people. The Tenth Amendment has been called a supremacy clause for the states and the states can be regarded as supreme in the realm of education.[5]

Constitutional provisions regarding education are in state constitutions and all states, except Hawaii, have created local school districts as agencies of the state to provide educational services. Therefore, states retain the primary responsibility for defining educational adequacy, but share with local school districts the responsibility for providing an adequate education for all children.

Adequacy is defined or described in state constitutions, state statutes, state agency rules and regulations, court decisions, and policy decisions of the state and local boards of education. In any state, then, an adequate education is what the political system defines as an adequate education.

These governmental decisions are manifest as legal standards for schools as well as accountability or outcome standards. A study by the National Institute of Education in 1978 compiled state legal standards on the following issues which relate to educational adequacy:

1. Admissions requirements
2. Attendance requirements and enforcement
3. Curriculum
4. Grade organization
5. Guidance and counseling programs
6. High School graduation requirements
7. Inservice training
8. Libraries
9. Promotion requirements
10. Pupil load and class size
11. Pupil-teacher ratio
12. Pupil transportation
13. Safety and health requirements
14. School calendar
15. Teacher personnel policies
16. Textbooks
17. General teacher certification
18. Administrative certifications[6]

Each of these sets of standards provide a partial definition of what the state regards as necessary for an adequate education. What is absent, of course, is an overall view of what constitutes an adequate education and what resources are necessary to provide it.

## Approaches to Adequacy

It seems that educational adequacy encompasses measures of at least three different aspects of schooling. Adequacy is discussed in terms of school inputs (resources, standards), school outputs (test scores, graduation rates), and school outcomes (economic returns to education, good citizenship). Each of these describes an approach to defining adequacy and each suggests some measurement problems. Adequacy may be conceptually clear, but its measuring and monitoring may require multiple criteria. These problems have been addressed by many writers.

Cubberley, the founding father of both American public school finance and public school administrations, was concerned with adequacy issues and the sufficiency of resources to provide and adequate education. In School Funds and Their Apportionment, Cubberley expresses his philosophy of education in the following manner.

> Theoretically, all the children of the state are equally important and are entitled to have the same advantages; practically this can never be quite true. The duty of the state is to secure for all as high a minimum of good instruction as is possible, but not to reduce all to this minimum; to equalize the advantages to all as nearly as can be done with the resources at hand; to placed a premium on those local efforts which will enable communities to rise above the legal minimum as far as possible; and to encourage communities to extend their educational energies to new and desirable undertakings.[7]

Cubberley addresses adequacy as having at least two elements: (1) the state should insure as high a minimum standard of education as possible, and (2) local communities should be encouraged to surpass those state standards. Cubberley expanded on his notion of minimum standards and defined adequacy in terms of inputs such as the number and condition of school facilities, the availability of instructional materials and equipment, the curriculum and available course of instruction, the length of the school year and the number of years of schooling provided, the preparation of teachers and their level of compensation, the supervision of instruction, and the array of school services provided without cost to the student.[8]

Paul Mort extended Cubberley's approach to educational adequacy by linking it to the concept of equality of educational opportunity. His doctoral dissertation, completed in 1924, was entitled The Measurement of Educational Need. Mort defined educational adequacy in terms of special student needs, pupil-teacher ratios, cost variations, sparsity factors, and school facility and size. Mort wrote:

> Equality of opportunity, like political democracy and justice, is a special manifestation on our society's elevation of the sanctity of the individual. . . At its core the term is associated with the removal of, or compensation for, shortcomings outside of the control of the individual that stand to keep him from taking advantage of opportunities that society has come to accept as normative.[9]

In this manner, Mort ties adequacy to equality of opportunity. Mort notes that what is normative may be totally inadequate for some and that equality of opportunity requires differential treatment.[10] Therefore, adequacy cannot be determined without first having a measure of educational need.

> Equality of educational opportunity is a principle that is fundamental in American education–a principle based upon the assumption that our democracy is best served by extending to all children an equal minimum opportunity to attend schools adequate for the achievement of self-realization, economic efficiency, civic efficiency, and efficiency in human relationships. . . .Equality of educational opportunity means not an identical education for all children, but the provision by state or local means of at least certain minimum essentials in the provisions of schools, their supervision, and their financial support.[11]

Equality of educational opportunity is critical to educational adequacy and both require sufficient resources or financial support.

McLure adds the dimension that not only does the notion of educational adequacy vary by educational need, but that it also varies by community and varies over time. He relates the concept of cost analysis to educational programs and relates school costs to educational results.[12] This supports the contention that level of resources alone is not necessarily a true measure of educational adequacy. Rossmiller supports this idea in this assertion that money is a necessary, but not a sufficient resource for educational achievement.[13] Other factors affect the adequacy of educational services. Wise reminds us how much ones definition of appropriate levels of educational resources depends on value judgments rather than scientific inquiry.[14] Wise also cautions that, "Adequacy requires not only definition, but determination of the technical means for achieving it."[15] So, adequacy varies not only by level of financial resources, but by need, by time, and by the school processes that translate resources into educational outcomes.

In a review of the alternate approaches that can be taken to educational adequacy, Carnoy suggests that adequacy can be seen as:

1. Educational goal attainment as measured by successful completion of the curriculum, test schools, or years in school;

2. The best use of resources to maximize achievement;

3. Equalizing student incomes;

4. Best or equal allocation of resources to reach social goals or economic goals of employability.[16]

His first approach is most similar to the traditional approach to adequacy discussed above. His other approaches introduce values of efficiency and equity.

While Carnoy analyzed educational adequacy from the perspective of an economist, Wise has given us a legal approach.[17] He argues that educational adequacy as a concept in public school finance has its origin in the U.S. Supreme Court case San Antonio v. Rodriguez.[18] In San Antonio the Court defines the goal of state school systems as providing a minimally adequate education as measured by outcome standards. This is similar to the concept behind the Strayer-Haig foundation plan for general state aid to schools that has been so dominant since the 1920s. This concept of adequacy was key to the New York State Court of Appeal's 1982 decision in Levittown v. Nyquist which found no state constitutional violation and upheld the state's school finance system because the plaintiffs in the case did not show that any child in the state attended school in a district that did not provide an adequate education.[19]

Minor concedes the impossibility of objectively defining educational adequacy and suggests that an adequate level of school spending would be the national average per pupil expenditure level.[20] He uses this method to determine state-by-state costs of average quantities of inputs.

Finally, McCarthy explores how courts have dealt with the adequacy issue.[21] She concludes that:

> The quest for educational adequacy is generating substantial legislative, administrative, and judicial activity. Yet, thus far, there is little agreement as to what this term actually means. The apparent paradox must be resolved: courts, legislatures, and administrative agencies are reluctant to define educational adequacy; but at the same time, input and output standards are being established at an escalating rate. In essence, adequacy is being defined by the standards imposed, even though such standards may be based on faulty assumptions regarding for what and for whom educational programs should be adequate. Solutions are being implemented without thorough exploration of the problems they are designed to solve or the outcomes the are intended to achieve. Unless the incongruities between means and ends are addressed, the proliferation of legal mandates establishing educational input and output standards will not assure that educational programs are in fact adequate.[22] [Emphasis in original]

From this exploration of approaches to adequacy, some conclusions can be drawn:

1. Educational adequacy is an elusive concept and no consensus has been reached on how to define it or measure it.

2. Even if adequacy could be measured, it varies by time, place, circumstances, and type of students.

3. Various proxies can be used as adequacy measures and, depending on the purpose for which the measure may be used, can include measures of school inputs, processes, outputs, or outcomes.

4. Dollar measures of educational resource inputs and student outcome measures such as test scores are the most common proxy measures of educational adequacy.

5. Educational adequacy is ultimately determined through the political process through appropriations and programs for schools.

## Defining Educational Adequacy in Illinois

The Illinois Constitutional of 1970 provides the basis for the public schools of the state in Article X, Section 1. That section says the following:

> A fundamental goal of the People of the State is the educational development of all persons to the limits of their capacities.
>
> The State shall provide for an efficient system of high quality public educational institutions and services. Education in public schools through the secondary level shall be free. There may be such other free education as the General Assembly provides by law.
>
> The State has the primary responsibility for financing the system of public education.

Section 2 sets up a State Board of Education which is empowered to establish goals and determine policies for the state education system. The State Board also has the responsibility to appoint a chief state educational officer, the State Superintendent of Education.

Section 2-3.25 of The School Code of Illinois makes it a power and duty of the Illinois State Board of Education "to determine for all types of schools conducted under this Act efficient and adequate standards. . ." Section 27 specifies the minimum standards for courses of study.

In 1972, the Finance Task Force of the Governor's Commission on Schools, in its final report, tried to define educational adequacy, as well as related concepts, for Illinois:

Adequacy - The system should distribute sufficient funds to provide a reasonable level of education for all children.

Affordability - The system should require funding within the financial capabilities of the State and its taxpayers.

Equalization of access to educational opportunity - The system should improve the access of each student to a decent education.[23]

The subject of educational adequacy was further studied in the early 1980s as part of the Illinois Public School Finance Project of the State Board. That study concluded that,

1. In the generic sense, program or educational adequacy means that the total educational program of a school system is sufficient to produce the desired outcomes of that system, i.e., the school system is able to achieve its stated goals.

2. The adequacy of educational programs can not be established or assessed until the questions of adequacy of "what" and for "whom" are answered.

3. Expenditures must be transformed into programs or opportunities before the level of finance can be judged as adequate.

4. The concept of financing adequate education implies a budget that is driven by costing the delivery of adequate education.

5. The development of educational mandates and programs in Illinois have occurred in an uncoordinated, inconsistent manner without addressing the question or meaning of program adequacy.

6. It is not possible to define program adequacy for Illinois elementary and secondary schools based upon the current Goals Statements or mandates.[24]

All the conclusions suggest that educational adequacy cannot be sufficiently assessed in Illinois because the state has not yet defined what comprises an adequate education, and that is because it is a very difficult undertaking. The report also suggests that adequacy will not be able to be defined in Illinois until some broad-based consensus is reached on the goals of the state system of public schools.

The broad array of education reform measures and school improvement initiatives adopted in 1985 by the Illinois General Assembly was a significant move in the direction of defining the goals of the public schools in the state.[25] As part of Senate Bill 730 (1985 Session), language was added to Section 27-1 of The School Code of Illinois which defined the primary purpose of schooling and gave the State Board of Education the power and duty to "define the knowledge and skills which the state expects students to master as a consequence of their education." Local school districts are required to develop local learning objectives consistent with the state goals and proficiency assessment systems were mandated. However, there was nothing in the legislation which provided any measurable definition of educational adequacy for the state.

This leaves the state of Illinois years away, at best, from providing a commonly accepted definition of what constitutes an adequate education for the state's children. Proposed budget cuts in the education reform program that came very close to passing the Illinois Senate in the final month of the 1987 regular legislative session demonstrate how fragile this whole set of improvement initiatives may be. Subsequent education budget cuts for 1987-88 confirm this fragility. Issues of taxation levels and financial distribution formulas have overshadowed public and professional interest in matters such as the goals of education and definition of adequacy. Maybe it is inevitable during periods of very limited fiscal resources, but most policy issues are seen in the context of their potential costs and the availability of revenues. Discussions of measuring educational adequacy, as a result, always return to dollar measures of revenue or expenditure levels.

## Functional Measures of Educational Adequacy in Illinois National Comparisons

Most functional or operational measures of educational adequacy use resource input measures and, as such, are generally fiscal adequacy measures. Some measures compare states to a national norm at one point in time. Miner, for example, using 1980 data, reported that estimated adequate expenditures were six percent below its estimated adequacy level.[26] Another measure, reported by the U.S. Department of Education, is an effort index which relates expenditure level to state personal income. For example, in 1982-83, estimated total expenditures for public elementary and secondary education in Illinois was 3.9 percent of state personal income, compared to a U.S. average of 4.6 percent.[27] These measures share a number of disadvantages, not the least of which is that they are static. They show a measure for one year only and do not show change over time.

State-by-state comparisons in per pupil revenues, both at one point in time and over time, have been used as a measure of fiscal adequacy. The argument has been that the national average represents a norm. The U.S. Department of Education has related this to state personal income in a "national index of public school revenues in relation to personal income," with the following computational formula:[28]

$$\text{Index} = \frac{\text{per pupil public education revenues}}{\text{per capita personal income}} \times 1000$$

For the purposes of this monograph, this index was computed by the author for both Illinois and the United States for the period 1979-80 to 1985-86. The results are shown in Table 1 in the Appendix.

A number of conclusions can be drawn from these data:

1. In per pupil revenues for public elementary and secondary education, Illinois stands consistently above the U.S. average, even though it fell slightly below that figure for one year in 1984-85.

2. Illinois' slight loss in comparative advantage in per pupil revenues since 1980-81 seems to result more from large gains in the U.S. average than from lack of increase in the Illinois figure.

3. In relation to personal income, Illinois' education revenue levels have been slightly below the national average index (except for 1982-83). This is mainly a function of high personal income levels and not low education support levels. However, it does mean that Illinois' effort on behalf of public education is below its capacity.

Such measures are interesting and useful, but are limited as measures of fiscal adequacy for schools. They do provide some information of a comparative nature that allows some insight into where Illinois stands in relation to the rest of the nation. These data would lead to the conclusion that, in comparison to national norms, Illinois provides an adequate level of public elementary and secondary education, but is certainly no leader in this regard.

Relative state rankings have also been used as a measure of a state's educational adequacy. These rankings are compared over time and interpretations are made of a state's advance or decline in the national rankings. This author seriously questions the usefulnesss of such ordinal measures. They provide less information than other national comparisons, such as a state's relationship to a national norm, and they suffer from the same disadvantage that a state's measures depends both on matters within a state and under the state's control and on changes in other states. It tells very little about the adequacy of education in a state to say that the state dropped from 8th to 14th in the nation on some fiscal measures without knowing what the absolute change in the measure may have been, what the rate of inflation may have been, and what other states were doing as well. Rankings are, at best, very crude indicators.

## An Illinois Measure of Educational Adequacy

There is no absolute measure of fiscal adequacy. A reasonable measure might be the overall fiscal support level over time. Such a measure would need to be discounted for price effects. Since fiscal support for public education comes from three levels of government, such a measure would be open to further interpretation through disaggregation of the data.

The Illinois State Board of Education annually publishes data on public elementary and secondary schools receipts by source in the state. For this study, for the years 1967-68 through 1986-87, those data were divided by total public school enrollment and converted to constant dollars, using the Consumer Price Index as a deflator. The results, an Illinois measure of fiscal adequacy in public schools, are shown in Table 2 in the Appendix. An analysis of these data provide much useful information.

The review of almost two decades of public school funding in Illinois provides some notable features about the system:

1. Total funding from all sources has increased in real dollars almost 50 percent since 1967-68. This increase all occurred between 1967-68 and 1974-75. Since 1974-75, the overall level of school funding has declined slightly.

2. The largest increase in school funding came from state sources. State funding for public schools has increased 129 percent in real dollars since 1967-68. Like total funding, however, state funding peaked in the mid-1970s and has declined almost seven percent since then.

3. Local funding for schools has has some dramatic shifts since 1967-68, with 1986-87 funding levels per pupil about 9 percent above 1967-68 levels.

4. State and local funding, when taken together, increased dramatically until the mid-1970s, dropped precipitously until 1982-83, and have risen steadily since then. The budgetary politics of the 1987 Illinois General Assembly indicate that this period of increase may have come to an end. In fact, substantial decreases in state education funding have been made for 1987-88.

5. Federal funding for Illinois public schools tripled between 1967-68 and 1979-80 in real dollars per pupil, benefiting from the upsurge in federal education funding in the late 1960s and 1970s, and then fell back about a quarter by 1986-87. All told, between 1967-68 and 1986-87 federal funding per pupil in real dollars more than doubled.

This relative measure of fiscal adequacy for Illinois public schools shows adequacy improving again after that. This is not an absolute measure in the sense that it can be used to say that Illinois public schools are adequate or not, but it is an indicator of the direction and magnitude of change. Also, use of this measure does not mean that there is a claim of an absolute and direct relationship between spending levels and educational quality. Hanushek, among others, has ably pointed out the inconsistency of the empirical research findings on the relationship between school funding levels and student outcomes.[29] However, per pupil spending levels may be the best proximate indicator we have available for adequacy levels. Use of state level data does, admittedly, mask intrastate variations. With proper support and sufficient time, this analysis could be extended to sub-state data.

## An Analysis and Interpretation of Adequacy Data

As noted, three distinct periods can be identified in Illinois school finance since 1967-68 through a review of the per pupil receipts in real dollar terms. Fiscal adequacy for public schools, as measured by real per pupil receipts, improved in the periods 1967-68 through 1974-75 and 1982-83 through 1986-87. Adequacy declined in the period 1974-75 through 1982-83, with two periods of decline separated by a low peak in 1978-79 or 1979-80, depending on whether federal funds are taken into account. This analysis will not consider federal funds and will focus only on state and local funds. While total funds are an important measure of adequacy and must be noted, they are beyond the control of state and local policymakers. Since this study is directed at enlightening and improving education policymaking at the state and local levels, primary attention will be afforded to state and local receipts for public schools.

The 1967-68 through 1974-75 period. In this period, the fiscal adequacy of Illinois public elementary and secondary schools dramatically improved. State and local receipts per pupil in real dollars (95 percent of total receipts in 1967-68) increased during the period from $777 to $1165, a 49.9 percent increase. State funding per pupil increased 117.1 percent and local per pupil funding went up 22.9 percent. This period was characterized by the following:

1. Illinois public school enrollments peaked in 1971-72 and began a long decline, relieving some of the pressure for increased funding to accommodate more children in the system, a condition that had characterized the 1950s and 1960s.

2. The adoption of a state income tax for individuals and corporations in 1968 provided additional state revenues. Some of these revenues were allocated to public schools beginning in 1968-70 and 1970-71.

3. The major reform of the Illinois school finance system and the adoption of the Resource Equalizer in 1973 provided the impetus for increased state funding of schools. The availability of federal revenue sharing funds during this period also increased the availability of state revenues for a variety of purposes, including education.

4. The availability of new state revenues and the interest in property tax relief lessened some of the pressures on the local property tax for schools and these factors helped slow the rate of growth of local funding per pupil for schools.

This was a period of bringing Illinois into the modern era in school finance. Nationally, there was heightened interest in school finance reform and improving the levels of school funding. Many states had begun to experience constitutional challenges to the spending disparities created by their state school finance systems and that specter loomed over Illinois. Illinois abandoned its total reliance on its 1927 foundation program for financing public schools and had begun an effort to increase state fiscal responsibility for schools and to try to achieve greater equity in school finance.

The 1974-75 through 1982-83 period. This period was characterized by the dismantling of some of the school finance reforms of 1973 and by an atmosphere of general fiscal constraint in the state. State and local per pupil funding for public schools fell 19.7 percent in real terms over the period. This decline was caused by almost equal drops in both state and local receipts per pupil. However, the patterns differed. The state decline was gradual and steady, while local funding dropped 25.4 percent in 1975-76 and then increased rather steadily after that. This nine year period experienced the following:

1. Circuit breaker property tax relief mechanisms adopted by the Illinois General Assembly decreased the property tax base and precipitated a drop in local school revenue in the mid-1970s.

2. The state funding level decreased because of (a) fewer resources available at the state level, (b) some retreat from the 1973 reforms, and (c) the general fiscal conservatism of the new administration of Governor James R. Thompson, which came into office in 1977.

3. The national tax and revenue limitation movement, characterized by Proposition 13 in California in 1978, ushered in a period of conservation in American fiscal politics.[30]

Some of the factors that were affecting Illinois public school finance were also being experienced in most other states. This was generally a period of retrenchment and cutback management in the public sector. It was exacerbated in public schools by continued declining enrollments. Inflation was ravaging the buying power of the American public and the voters manifested their feelings in anti-tax, anti-spending, and anti-government actions. When inflationary pressures eased significantly at the end of the period, a national recession forced continued fiscal restraint.

The 1982-83 through 1986-87 period. As the national recession began to lessen in intensity by 1982, state and local governments found themselves in a position to restore spending to former levels in many public services. In Illinois, state funding per pupil in real terms rose 31.2 percent in this period, local school per pupil receipts rose 10.6 percent, and these combined for an increase of 19.1 percent in state and local receipts per pupil. By 1986-87, per pupil receipts in real terms had increased enough so that they stood just below their previous high in 1974-75. The 1986-87 level, in fact, was 4.3 percent below the 1974-75 level. Among the prominent features of this period were:

1. A classic post-recession recovery of state and local government finances provided funds for increased spending.

2. A national education reform movement focusing on school improvement efforts began in 1983, and increased public attention on schools. It also may have provided the basis for some increased state funding for schools, although that contention remains controversial.

3. In 1983, the Illinois General Assembly approved and Governor Thompson signed an 18-month temporary 20 percent increase in state individual and corporate income tax rates. Part of this package was a permanent homeowner's property tax deduction from the income tax. State sales tax rates were also increased.

4. In 1985, the Illinois General Assembly approved and Governor Thompson signed a comprehensive package of education reform which provided almost $100 million in new state funding programs and repealed the state's general state aid formula for public schools, effective August 1, 1987. This last action focused policymakers' attention on school finance issues.

The fiscal adequacy measures discussed here rose again almost to previous highs. The losses of the late 1970s and early 1980s were largely eliminated through increased funding at both the state and local levels. In real dollars, state and local per pupil receipts for public schools increased 4.7 percent in 1983-84, 2.9 percent in 1984-85, 6.8 percent in 1985-86, and 3.5 percent in 1986-87. These followed four consecutive years of decreases. The two critical factors at work here were economic recovery and education reform. However, as noted above, this upward trend will apparently reverse itself for 1987-88.

Some conclusions. Tremendous strides have been made in improving the adequacy of Illinois public schools since the late 1960s. Most of that progress was achieved in the early 1970s. In spite of severe funding setbacks for Illinois public schools in the late 1970s and early 1980s, advances in the mid-1980s brought school funding levels close to their previous peak, which was achieved in 1974-75. A number of conclusions can be drawn from an examination of the Illinois public school fiscal adequacy data.

1. The overall level of public school fiscal adequacy is much more a function of state funding levels than local funding levels. Increases or decreases in total funding are caused by state economic trends.

2. External factors, such as changes in state property tax legislation, are the only kinds of actions that cause local funding to decrease. Otherwise, local funding levels tend to gradually increase. Pressures for local funding increases seem strongest when state funding decreases in real terms.

3. In spite of major attention being paid to education excellence and quality in the 1980s, and despite the major role public education plays in state economic development, the fiscal adequacy of Illinois public schools has not improved since the mid-1970s. Recent gains have only made up for past losses, and those gains appear to be short-lived.

## The Relationship between Adequacy and Equity in Illinois School Finance

Adequacy and equity are two different concepts and are not necessarily related. Adequacy refers to the general level of funding and its sufficiency to meet societal expectations of schools. Equity is concerned with the fundamental fairness of the distribution of those school funds. It is possible that adequacy could be enhanced and equity could suffer. Likewise, more equity could be achieved by decreasing adequacy. This latter phenomenon is known as "leveling-down" and is generally not found to be acceptable public policy.[31]

Illinois has the good fortune to have an excellent series of public school finance equity data that have been developed and maintained by Distinguished Professor G. Alan Hickrod and his colleagues at the Center for the Study of Educational Finance at Illinois State University.[32] The time-series data present a variety of equity measures for school years beginning in 1972-73. The analysis of the equity measures produced the following conclusions:

1. Equity in Illinois public school finance generally improved from the beginning of the series in 1972-73 until about 1976-77 or 1977-78.

2. From that point, equity grew worse until about 1983-84 or 1984-85.

3. In spite of some irregular movement, equity seems to be improving again after 1983-84 or 1984-85.[33]

The striking fact is that these equity indexes and the adequacy index discussed in detail in the previous section show parallel movements, with the equity indexes lagging a year or two. The unmistakable conclusion is that, at least for the period 1972-73 through 1985-86, for which we have data, when adequacy in Illinois public school finance improves, so does equity. When adequacy declines, equity suffers. The one or two year lag results from the time it takes revenue changes to translate fully into expenditure changes. Specifically, decreases in state funding in real terms causes a shift to a greater burden on local resources and creates greater spending disparities.

Another approach to the relationship between adequacy and equity is to examine the adequacy trends in different school district types. Illinois has three different types of school districts. Elementary districts serve children in grades K-8, high school districts serve children in grades 9-12, and unit districts serve children in grades K-12. Areas with separate elementary and high school districts are called dual districts. Dual districts are most prevalent in the metropolitan Chicago area, while unit districts predominate elsewhere. A measure of school district spending computed by the Illinois State Board of Education, which represents spending per pupil on regular programs and eliminates categorical funds for special needs, is the per capita tuition charge. The purpose of the district per capita tuition charge is to set a figure for charging tuition to non-resident students and the procedures for its computation are set out in Section 18-3 of The School Code of Illinois. Table 3 shows the average per capita tuition

charge by district type, discounted for inflation, for Illinois public schools from 1976-77 to 1984-85. The purpose for presenting it here is to examine equity among district types on the basis of adequacy trends.

Between 1976-77 and 1984-85, the average per capita tuition charge in real dollars for all Illinois school districts increased by 7.9 percent. Dual districts clearly gained relative to other districts. Over that period the spending level for regular school programs on a per pupil basis increased 11.8 percent in elementary districts and 20.5 percent in high school districts. It only increased 3.5 percent in unit districts and 4.4 percent in Chicago. Such differential growth rates can result from higher tax rates in certain districts, or differential treatment of districts under the state school finance plan. Ascertaining the reason for these different growth rates is beyond the scope of this study, but they do indicate the changes in adequacy levels are not the same for all districts or district types. Using statewide data masks intrastate differentials.

In the period 1976-77 to 1982-83, when the fiscal adequacy of Illinois public schools declined in real terms, the average per capita tuition charge for unit districts and for Chicago declined in real terms as well. However, the average per capita tuition charge for high school district increased by 13.9 percent in constant dollars over the same period and the figure for elementary districts measured 3.6 percent. At a time when the adequacy level for all schools was declining, high school districts were actually significantly improving their fiscal adequacy. For whatever the reason, high school districts were clearly favored in the state school finance system. In the 1982-83 period to 1984-85 period, when fiscal adequacy was improving statewide, the clear advantage rested with elementary districts and the Chicago public schools. In both periods, unit districts were relatively disadvantaged. Statewide adequacy data hide the element of inequity in the Illinois system that dual districts seem favored over unit districts. Yet, unit districts provide schooling for about 65 percent of the state's public school children. Even separating out Chicago, a unit district, 54 percent of the state's public school children outside Chicago attend school in unit districts.

## Public Policy Implications

Educational adequacy is not an easy concept to define in operational or functional terms. To begin with, adequacy must be defined by social consensus through the political process. Political control of public institutions is part of the safeguards of a democracy. While professional knowledge may enlighten public policy debates, it is not the professionals who should control public policy. We must seek our definition of adequacy in the political process and public policy arena. Efforts like the school report cards and assessment of progress toward learning objectives, as contained in the Illinois Education Reform Act of 1985 may move us in the direction of a broader definition of educational adequacy, but, for now, our best measure is some indicator of fiscal adequacy.

This study has investigated fiscal adequacy in Illinois and has found clear patterns of change. The factors contributing to those patterns have been discussed and a number of conclusions have been drawn. There are some public policy implications suggested by these data. These include the following:

1. Fiscal adequacy of Illinois public schools has not substantially improved over the past decade or more. Political discussions about excellence in education and improving public schools have been largely symbolic and rhetorical. Improved schools for increased educational quality, for economic development, or for social gains will require a sustained and coordinated effort that goes beyond passing lip service to public schools and their importance to society. Public education has simply not been a high priority political issue in Illinois since the mid 1970s.

2. The determination of fiscal adequacy levels for public schools in Illinois rests largely with the state and not with local school districts. Increases in local funding for schools have helped protect public schools against real losses in state support, but significant gains will only be made through strong state commitments. Public education is a state responsibility and the state must accept that responsibility and duty squarely and unequivocally.

3. Analysis of adequacy levels and trends reveals some glaring inequities among school district types in Illinois that must be addressed and remedied by the state. There has been differential treatment of school districts in the state on the basis of school district type.

These public policy implications all require deliberate and concerted state action. Educational adequacy is determined by the state and, if it is to be improved, the state of Illinois must take action beyond what has already been done. The state must decide what comprises an adequate education, indeed a generous education by Cubberley's term, fund that level of education, and take steps to insure that it is being provided.

Governor James R. Thompson's proposed fiscal year 1987 budget said:

> Ensuring that the children of Illinois have the opportunity to reach their full potential is the responsibility of the state's educational system. . . . Excellence in education is essential to a healthy economy, and the future of Illinois demands a great deal from both the state and the educational community.[34]

That theme was continued the following year, when the Governor's proposed budget stated that increased state education funding is a confirmation "that Illinois is committed to improving our economic future through revitalization of education in Illinois."[35]

The analysis of Illinois public school fiscal adequacy data would suggest that Illinois' potential for excellence in public education may be going unrealized. Increases in fiscal adequacy in the mid 1980s only served to recoup losses suffered in the late 1970s and early 1980s. Budget reversals in 1987 have apparently ended any gains made prior to that. This analysis has shown that as fiscal adequacy deteriorates, so does the equity of the school system. Neither the adequacy nor the equity of Illinois public schools have improved over the level attained in the middle of the last decade.

## NOTES

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[20]Jerry Miner, "Estimate of Adequate School Spending by State Based on National Average Service Levels." Journal of Education Finance, 8, (Winter 1983), pp. 316-342.

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[23]Illinois Office of the Governor, Commission on Schools, Finance Task Force, A New Design: Financing for Effective Education in Illinois (Springfield, IL: State of Illinois, 1972), p. 66.

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[26]Miner, op. cit.

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[29]Eric A. Hanushek, "Throwing Money at Schools," Journal of Policy Analysis and Management, 1 (1981), pp. 19-41; and Eric A. Hanushek, "The Economics of Schooling: Production and Efficiency in Public Schools," Journal of Economic Literature, 24, (September, 1986), pp.. 1141-1177. See also G. Alan Hickrod, "A Reply to the 'Forbs' Cover Story or the Political Theory of School Finance Revisited: A Victorian Essay," in G. Alan Hickrod and James Gordon Ward, Two Essays on the Political and Normative Aspects of American School Finance: An Historical Perspective (Normal, IL: Center for the Study of Educational Finance, Illinois State University, 1987).

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[31]However, in a recent court decision in Texas, Edgewood v. Kirby (April 29, 1987), Judge Harley Clark of the District Court of Travis County, 250th Judicial District, rendered a decision finding the Texas system of school finance unconstitutional under the Texas Constitution, the net effect of which may be to substantially reduce the adequacy of the state's public schools in order to achieve equity.

[32]These data have been reported in numerous publications of the Center for the Study of Educational Finance. The best general overview is G. Alan Hickrod, Ramesh B. Chaudhari, and Ben C. Hubbard, The Decline and Fall of School Finance Reform in Illinois, a Study of the Politics of School Finance: 1973-86 (Normal, IL: Center for the Study of Educational Finance, Illinois State University, 1986).

[33]Ibid., pp. 14-15.

[34]Governor James R. Thompson, Illinois State Budget 1987 (Springfield, IL: State of Illinois, 1986), p. 15.

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# APPENDIX

Table 1

Index of Public School Revenues in Relation to Personal Income, Illinois and the United States, 1979-80 to 1985-86

| School Year | Per Pupil Education Revenue | | | Revenue/Income Index | | |
|---|---|---|---|---|---|---|
| | Illinois | U.S. | Illinois as % of U. S. | Illinois | U.S. | Illinois as % of U.S. |
| 1979-80 | $2,489 | $2,354 | 105.7% | $230.09 | $237.53 | 96.9% |
| 1980-81 | 2,803 | 2,598 | 107.9 | 234.76 | 237.43 | 98.9 |
| 1981-82 | 3,017 | 2,843 | 106.1 | 244.85 | 247.90 | 98.8 |
| 1982-83 | 3,262 | 3,031 | 107.6 | 254.68 | 250.68 | 101.6 |
| 1983-84 | 3,474 | 3,265 | 106.4 | 248.48 | 248.98 | 99.8 |
| 1984-85 | 3,535 | 3,548 | 99.6 | 239.88 | 255.84 | 93.8 |
| 1985-86 | 3,922 | 3,793 | 103.4 | 254.33 | 262.27 | 97.0 |

Source: National Education Association, Estimates of School Statistics, various years, and U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Vol. 67, No. 4 (April 1987).

Table 2

Per Pupil Receipts for Illinois Public Elementary and Secondary Schools, 1967-68 to 1986-87 (in constant 1967 dollars)

| School Year | Per Pupil Receipts | | | | |
|---|---|---|---|---|---|
| | State Sources | Local Sources | State and Local Sources | Federal Sources | All Sources |
| 1967-68 | $222 | $555 | $ 777 | $ 41 | $ 818 |
| 1968-69 | 218 | 518 | 736 | 44 | 780 |
| 1969-70 | 309 | 647 | 956 | 47 | 1,003 |
| 1970-71 | 348 | 474 | 822 | 56 | 878 |
| 1971-72 | 345 | 523 | 868 | 54 | 922 |
| 1972-73 | 393 | 613 | 1,006 | 65 | 1,071 |
| 1973-74 | 429 | 636 | 1,065 | 62 | 1,127 |
| 1974-75 | 482 | 683 | 1,165 | 65 | 1,230 |
| 1975-76 | 545 | 508 | 1,053 | 73 | 1.126 |
| 1976-77 | 525 | 510 | 1,035 | 85 | 1,120 |
| 1977-78 | 516 | 539 | 1,055 | 109 | 1,164 |
| 1978-79 | 517 | 559 | 1,076 | 104 | 1,180 |
| 1979-80 | 500 | 561 | 1,061 | 121 | 1,182 |
| 1980-81 | 476 | 532 | 1,008 | 97 | 1,107 |
| 1981-82 | 431 | 546 | 977 | 96 | 1,073 |
| 1982-83 | 388 | 549 | 937 | 81 | 1,018 |
| 1983-84 | 404 | 576 | 980 | 80 | 1,060 |
| 1984-85 | 426 | 582 | 1,008 | 79 | 1,087 |
| 1985-86 | 477 | 600 | 1,077 | 85 | 1,162 |
| 1986-87 | 509 | 606 | 1,115 | 89 | 1,204 |

Source: Author's computations for Illinois State Board of Education data.

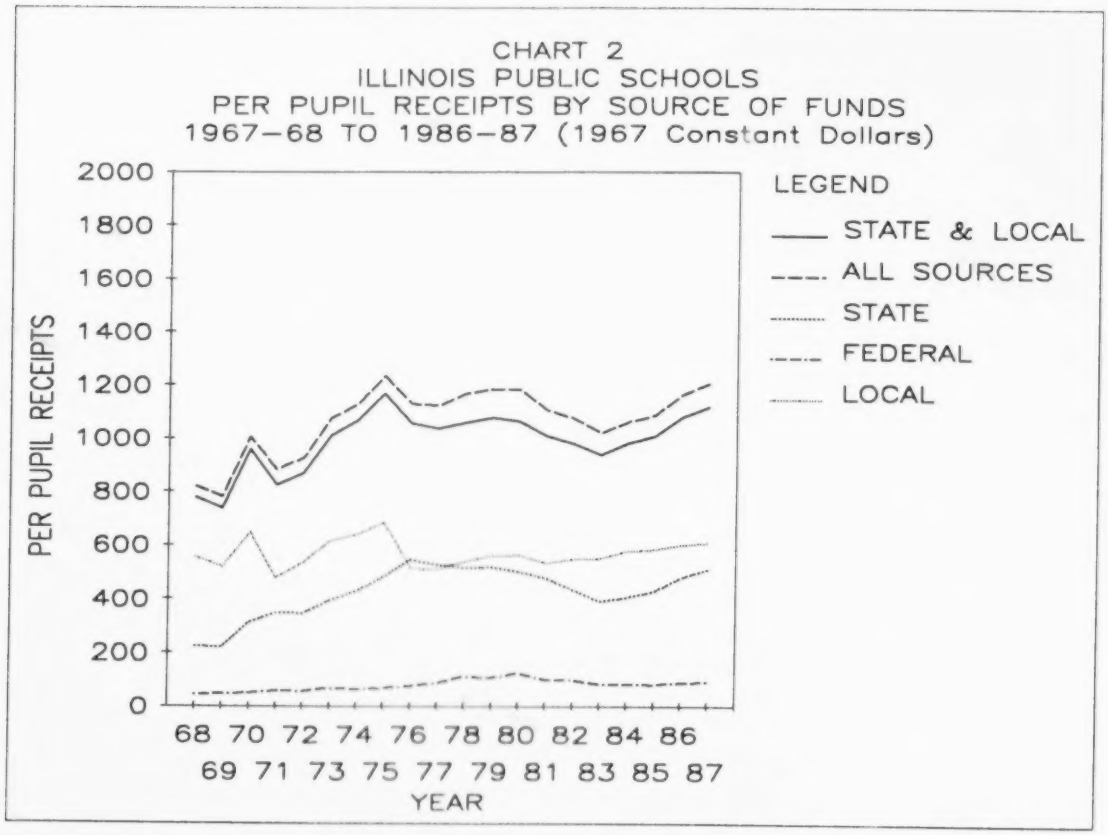

Table 3

Illinois Public School Average Per Capita Tuition Charge,
By District Type, 1976-77 to 1984-85 (in constant 1967 dollars)

| School Year | Average Per Capita Tuition Charge | | | | |
|---|---|---|---|---|---|
| | Elementary Districts | High School Districts | Unit Districts | All Districts | Chicago #299 |
| 1976-77 | 842 | 1,178 | 889 | 915 | 1,040 |
| 1977-78 | 863 | 1,217 | 904 | 935 | 1,050 |
| 1978-79 | 880 | 1,254 | 939 | 966 | 1,119 |
| 1979-80 | 877 | 1,260 | 921 | 955 | 1,080 |
| 1980-81 | 867 | 1,257 | 882 | 927 | 991 |
| 1981-82 | 863 | 1,289 | 894 | 937 | 1,022 |
| 1982-83 | 872 | 1,342 | 876 | 933 | 970 |
| 1983-84 | 904 | 1,391 | 875 | 946 | 973 |
| 1984-85 | 941 | 1,420 | 920 | 987 | 1,086 |
| Percent Change | | | | | |
| 1976-77 to 1982-83 | + 3.6 | +13.9 | -1.5 | +2.0 | - 6.7 |
| 1982-83 to 1984-85 | + 7.9 | + 5.8 | +5.0 | +5.8 | +12.0 |
| 1976-77 to 1984-85 | +11.8 | +20.5 | +3.5 | +7.9 | + 4.4 |

Source: Calculated by the author using Illinois State Board of Education data and Consumer Price Index as a price delation.